



Making a difference...together

CEDARS OF TUAM WATER SERVICE COMMISSION
Notice of Meeting on **September 22, 2016 at 10:00 am**
Portlock Park Meeting Room, 145 Vesuvius Bay Road, Salt Spring Island, BC

Wayne McIntyre Ron Bain Peter Wypkema

AGENDA

- 1. Approval of Agenda**
- 2. Adoption of Minutes of June 21, 2016**
- 3. Chair and Director Report**
- 4. Reports**
 - 4.1 Operating and Capital Budget**

That the Cedars of Tuam Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2017 operating and capital budget for the Cedars of Tuam Water Service as presented;
2. Authorize the fixed annual user charge of \$1,623.75 and consumption charge rate of \$0.90/m³ for the first 38m³ and \$7.70/m³ for consumption over 38m³ per billing period for the Cedars of Tuam Water Service;
3. Balance the 2016 actual revenue and expenditures on the 2016 transfer to maintenance reserve fund and if necessary by reducing the 2017 transfer to maintenance reserve fund in order to balance the budget.

- 5. New Business**
- 6. Outstanding Business**
- 7. Adjournment**

To ensure quorum, advise Tracey Shaver 250 537 4448 if you cannot attend.

EXEC-1295039085-1049



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**Minutes of the Regular Meeting of the Cedars of Tuam Water Service Commission
Held June 21, 2016 in Portlock Portable Meeting Room, 145 Vesuvius Bay Road,
Salt Spring Island, BC**

DRAFT

Present: **CRD Director:** Wayne McIntyre
Commission Members: Ron Bain (Chair), Peter Wypkema
Staff: Karla Campbell, Senior Manager SSI Electoral Area; Keith Wahlstrom, Manager, Engineering SSI Electoral Area; Dan Robson, Manager, Saanich Peninsula and Gulf Islands Operations; Peggy Dayton, Senior Financial Analyst; Kyu-Chang Jo, Financial Analyst 2; Tracey Shaver, Recording Secretary

The Chair called the meeting to order at 2:05 PM.

1. Approval of Agenda

MOVED by Director McIntyre, **SECONDED** by Commissioner Wypkema,
That the Cedars of Tuam June 21, 2016 agenda be approved.

CARRIED

2. Adoption of Minutes of November 24, 2015

MOVED by Commissioner Bain, **SECONDED** by Commissioner Wypkema,
That the Cedars of Tuam minutes of November 24, 2015, be approved.

CARRIED

3. Chair and Director Report

No report from the Chair or Director

4. Reports

No reports

5. New Business

No new business

6. Outstanding Business

No items for discussion.

7. Motion to Close

MOVED by Commissioner Bain, **SECONDED** by Commissioner Wypkema,
That the Cedars of Tuam Water Service Commission close the meeting in accordance with the Community Charter Part 4, Division 3, Section 90 (1): (e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality; (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public

CARRIED

The Commission closed the meeting at 2:10 pm.

The Commission returned from the closed meeting at 2:36 pm with the following Rise and Report.

8. Rise and Report

The Cedars of Tuam passed the following motion and requested it be sent to the July 13, 2016 Capital Regional District Board meeting for consideration:

That the Cedars of Tuam Water Service Commission recommend to the Capital Regional District Board: That the Capital Regional District (CRD) enter into the Statutory Right of Way agreement with School District No. 64 to grant the CRD access to build, operate and maintain the well, tank and treatment facility and provide access to the site on Lot A, Section 42, South Salt Spring Island, Cowichan District, Plan 13152 (PID 004-343-131) for the Cedar of Tuam water system.

9. Adjournment

The meeting was adjourned at 2:37 pm.

CHAIR

SENIOR MANAGER



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**REPORT TO CEDARS OF TUAM WATER SERVICE COMMISSION
MEETING OF THURSDAY, SEPTEMBER 22, 2016**

SUBJECT 2017 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides a synopsis of the 2017 operating and capital highlighting significant proposed changes related to operational expenditures, debt charges, capital expenditures and revenues for the Cedars of Tuam Water Service.

In accordance with Bylaw No. 3693, "Cedars of Tuam Water Local Service Commission Establishment Bylaw states, "Before the end of November of each year, the Commission shall be presented with a five year operating and capital budgets for the services provided in the Service Area which shall include estimates for the administrative, development, maintenance, operational and other expenses, including debt charges, and shall submit such expenditure estimates, together with estimates for expected revenue, in a form approved by the Financial Officer of the CRD for the approval of the Regional Board and for inclusion in the Regional Board's preliminary and annual budgets."

BACKGROUND

2016 Estimated Revenue and Operating Expenditures

The estimated 2016 operating expenditures are projected to be **\$720** over budget as a result of the following:

1. Lower than budgeted expenditures for:
 - a. Repairs and maintenance (\$460)
 - b. Electricity (\$120)
 - c. Supplies (\$460)
 - d. Other operating expenses (\$140)

2. Higher than budgeted expenditures for:
 - a. Labour (\$1,900)
The estimated labour expenditures exceeded budget as a result of emergency response to a water system leak.

The estimated 2016 revenue is projected to be **\$280** under budget primarily due to lower water consumption.

This results in a year-end net expense of **\$1,000**. It is proposed that the deficit be offset by not making any transfers to the maintenance reserve fund. This will result in a balanced budget.

2017 OPERATING BUDGET

An increase of **\$990** (4.2%) in the 2017 operating expenditures is proposed as a result of the following:

- Increase of \$1000 in allocations
 - Overhead charges related to vehicles were previously accounted for in the labour charge-out rate. Vehicle costs are now removed from the labour rate and are now tracked and charged under a “vehicle allocation” (\$930)
- Increase of \$30 in water testing expenditures
- Increase of \$10 in electricity expenditures
- Decrease of \$650 in labour charges
 - The labour charge out rate in previous budgets included overhead charges related to vehicles. Vehicle overhead costs are now removed from the labour charge out rate and is now tracked separately as a “vehicle allocation” (\$930).
- Increase of \$600 in other operating expenditures.
 - As a result of the new Water Sustainability Act, that came into effect in early 2016, ground water users are now required to pay an annual rental fee for such use for each well owned.

2017 DEBT AND RESERVES FUNDS

Maintenance Reserve Fund

Maintenance reserves are to be used for the purchase of small equipment, supplies and system maintenance activities that are typically preformed less frequently than annually. Additionally, the maintenance fund could support the purchase of water, should the well cease to produce.

During the 2016 budget process the Commission supported the need to contribute funds to a maintenance reserve. At their November 24, 2015 meeting the Commission authorized that the 2015 operating surplus, if any, be transferred to the maintenance reserve fund. The actual operating surplus from 2015 was \$4,080.

It is proposed that planned contributions to the maintenance reserves continue and be set at \$1,010 in 2017.

The maintenance reserve balance at the end of 2016 is projected to be \$4,080.

Capital Reserve Fund

In keeping with the Commission's desire to not make contributions to the Capital Reserve Fund until a comprehensive strategic management plan is developed and approved, planned transfers to the capital reserve fund have been eliminated.

The capital reserve fund balance at the end of 2016 is projected to be \$25,170.

MFA Debt

The debt servicing costs are on the amount of \$24,000 borrowed in 2003 and being amortized over 15 years with a rate of interest of 2.1%. There will be no change in debt servicing costs of \$1,610 in 2017.

Capital Project Fund

The Cedars of Tuam water utility has one active Capital Project Fund as shown below:

	<u>Budget</u>	<u>CRF</u>	<u>CWF</u>	<u>Spent</u>	<u>Funds</u>	<u>Budget</u>
School Dist Well Agreement	5,154	-	-	(5,854)	(5,854)	-
SAMP Study	11,300	-	10,000	(3,167)	6,833	8,133
Remove Sand from Well	5,000	3,800	-	(3,140)	660	1,860
Safety Equipment for Eyewash	2,000	2,000	-	-	2,000	2,000
Sub-total	23,454	5,800	10,000	(12,161)	3,639	11,993
Interest Income	-	-	-	-	8,408	-
Total	23,454	5,800	10,000	(12,161)	12,047	11,993

2017 REVENUE (User Charge and Parcel Tax)

In order to meet operating expenses and debt servicing costs it is proposed that:

- water sales revenue be reduced from \$1,400 to \$1,100. This amount is based on water sale rates set at \$0.90/m³ for the first 38m³ and \$7.70/m³ for consumption over 38m³ per billing period. The rates remain unchanged from 2016.
- the user charge revenue be increased from \$24,710 to \$25,980. This is a result of a reduction in the water sales revenue and the proposed increase in the 2017 operating budget; based on 16 connections, the proposed 2017 fixed annual user charge is \$1,623.75 (5.1% increase).

There is no parcel tax for the service.

2017 – 2021 FIVE YEAR CAPITAL PLAN

The purpose of a capital budget is to plan for infrastructure needs over the next 5 years. Future-year expenditures are identified in the budget in order to plan for the potential costs, but the final approval does not occur until the budget year under consideration. Developing a capital plan with a multi-year perspective protects the interest of the service infrastructure needs by helping reduce the risk of unexpected expenditures and unplanned associated user fee increases. The plan can be renewed and updated rather than re-created each year when more financial information and

costs can be solidified. This process offers the advantage of having major capital issues remain in the forefront.

There are three carry forward projects and one new project planned for 2017.

- 1) Registering a SROW to provide maintenance access to a new well site on School District No. 64 property. This work is underway and may be completed prior to the new fiscal year and therefore it has been included for information. (\$5,000)
- 2) Negotiating an improved road access statutory right-of-way (SROW). The current access to the reservoir is impassable due to steep grades and an irrigation pond. Staff will need to work with the Commission to establish a scope of work related to this project. (\$1,000)
- 3) Strategic Asset Management Plan - a plan identifying level of service, maintenance requirements and capital improvements is to be developed once the well on the school site is secured. The (SAMP) will, within the budget available, recommend a prioritized list of infrastructure replacements which will serve as the basis for future capital spending. (\$8,100)
- 4) Replace Failed Isolation Valves - Two water main line isolation valves and 2 stand pipe isolation valves have failed, making isolation of leaks and subsequent repairs very difficult. Further, it jeopardizes the ability to quickly and efficiently repair problems while reducing the risk of actually running out of water. (\$9,000)

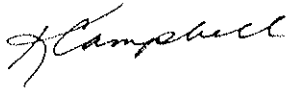
One additional project anticipated for Cedars of Tuam is outlined in the attached budget and is:

- 2018 Additional work to abandon unused wells (\$5,000)

RECOMMENDATIONS

That the Cedars of Tuam Water Service Commission recommends that the Capital Regional District Board:

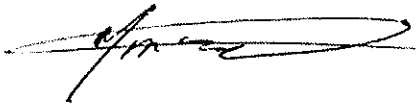
1. Approve the 2017 operating and capital budget for the Cedars of Tuam Water Service as presented;
2. Authorize the fixed annual user charge of \$1,623.75 and consumption charge rate of \$0.90/m³ for the first 38m³ and \$7.70/m³ for consumption over 38m³ per billing period for the Cedars of Tuam Water Service;
3. Balance the 2016 actual revenue and expenditures on the 2016 transfer to maintenance reserve fund and if necessary by reducing the 2017 transfer to maintenance reserve fund in order to balance the budget.



Karla Campbell, Senior Manager
Salt Spring Island Electoral Area



Rianna Lachance, BCom, CPA, CA,
Manager of Financial Planning and Analysis
Concurrence



Matt McCrank, M.Sc., P.Eng.
Senior Manager, Infrastructure Operations
Integrated Water Services
Concurrence

KW:ts

Attachment: 2017 Budget Cedars of Tuam Water

CAPITAL REGIONAL DISTRICT

2017 Budget

Cedars of Tuam Water (SSI)

Committee Review

Compiled and Presented by CRD Finance

Sep 2016

Service: 2.622 Cedars of Tuam Water (SSI)

Committee: Electoral Area Services

DEFINITION:

To provide and operate water supply and distribution facilities for the Salt Spring Island Cedars of Tuam Water System Service Area. Bylaw No. 3021 (October 9, 2002).

PARTICIPATION:

Local Service Area #45, T(764).

MAXIMUM LEVY:

Greater of \$25,425 or \$6.75 / \$1,000 of actual assessed value of land and improvements. To a maximum of \$51,893.

MAXIMUM CAPITAL DEBT:

AUTHORIZED: LA Bylaw No. 3024 (October 10, 2002)

24,000

BORROWED: SI Bylaw No. 3050 (March 12, 2003) 5.5%

(24,000) (Rate reduced to 2.1% June 2013)

REMAINING:

\$0

COMMITTEE:

Cedars of Tuam Water Service Committee established by bylaw No 3055 (March 12, 2003).

FUNDING:

User Charge

- Annual Fixed Fee per Water Service Connection plus consumption charge
- The consumption charge for water will be the total volume of water metered to the water service connections, measured in cubic meters at the following rate: (BL3993 March 2015)
 - First 38 cubic metres or portion - \$0.90 / cubic metre
 - Greater than 38 cubic metres - \$7.70 / cubic metre

Water Connection Charge

- Actual cost for the connection. See rates and regulations Bylaw No 3891 (March 2013).

RESERVE FUND:

Fund 1057, established by Bylaw #3136 (June 14, 2004); amended by Bylaw 3948 (April 16, 2014).

	2016 BOARD ESTIMATED BUDGET		BUDGET REQUEST			FUTURE PROJECTIONS				
	2016 BOARD ESTIMATED BUDGET	2016 ACTUAL	2017 CORE BUDGET	2017 ONGOING	2017 ONE-TIME	2017 TOTAL	2018	2019	2020	2021
Cedars of Tuam Water (SS)										
OPERATING COSTS:										
Repairs & Maintenance	460	-	460	-	-	460	460	460	460	460
Allocations	2,140	2,140	3,140	-	-	3,140	3,190	3,240	3,300	3,360
Water Testing	1,880	1,880	1,910	-	-	1,910	1,950	1,990	2,030	2,070
Electricity	590	470	600	-	-	600	610	620	630	640
Supplies	610	150	610	-	-	610	620	630	640	650
Labour Charges	16,830	18,730	16,180	-	-	16,180	16,510	16,840	17,180	17,520
Other Operating Expenses	1,040	900	1,640	-	-	1,640	1,660	1,680	1,700	1,720
TOTAL OPERATING COSTS	23,550	24,270	24,540	-	-	24,540	25,000	25,460	25,940	26,420
*Percentage increase over prior year						4.2%	1.9%	1.8%	1.9%	1.9%
DEBT/RESERVES										
Transfer to Capital Reserve	-	-	-	-	-	-	248	1,660	1,700	1,750
Transfer to Maintenance Reserve	1,000	-	1,010	-	-	1,010	1,030	1,050	1,070	1,090
MFA Debt Principal	1,110	1,110	1,110	-	-	1,110	1,110	-	-	-
MFA Debt Interest	500	500	500	-	-	500	252	-	-	-
TOTAL DEBT / RESERVES	2,610	1,610	2,620	-	-	2,620	2,640	2,710	2,770	2,840
TOTAL COSTS	26,160	25,880	27,160	-	-	27,160	27,640	28,170	28,710	29,260
FUNDING SOURCES (REVENUE)										
Estimated balance C/F from 2016 to 2017	-	-	-	-	-	-	-	-	-	-
Balance C/F from 2015 to 2016	-	-	-	-	-	-	-	-	-	-
Sales - Water	(1,400)	(1,090)	(1,100)	-	-	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
User Charges	(24,710)	(24,710)	(25,980)	-	-	(25,980)	(26,490)	(27,020)	(27,560)	(28,110)
Other Revenue	(50)	(80)	(80)	-	-	(80)	(50)	(50)	(50)	(50)
TOTAL REVENUE	(26,160)	(25,880)	(27,160)	-	-	(27,160)	(27,640)	(28,170)	(28,710)	(29,260)
REQUISITION	-	-	-	-	-	-	-	-	-	-
							460	-	-	-
							(1,000)	-	-	-
							(30)	-	-	-
							120	460	460	460
							(1,900)	650	650	650
							140	(600)	(600)	(600)
							-720	-	-	-
							-990	-	-	-
							(310)	-	-	-
							30	30	30	30
							(300)	-	-	-
							1,270	-	-	-
							30	-	-	-

Service: 2.622 **Service Name: Cedars of Tuam** **Committee: Electoral Area Services**

<u>Year</u>	<u>Connections</u>	<u>User Charge*</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2011	16	\$1,603.87	3777	8,855
2012	16	\$1,603.87	3822	8,732
2013	16	\$1,373.62	3891	8,249
2014	16	\$1,373.62	3925	8,199
2015	16	\$1,470.63	3993	8,199
2016	16	\$1,544.38	4073	7,717
2017	16	\$1,623.75		

* A consumption charge is paid in addition to the fixed user charge

CAPITAL REGIONAL DISTRICT CAPITAL PLAN

CAPITAL BUDGET FORM
2017 & Forecast 2018 to 2021

Service #: **2.622**
Service Name: **Cedars of Tuam Water (SSI)**

No.	Capital Exp. Type	Capital Project Description	Asset Class	Funding Source	Total Project Budget	Carry Forward	2017	2018	2019	2020	2021	5 - Year Total
17-01	Replacement	Replace Failed Isolation Valves	S	Res	9,000	0	9,000	0	0	0	0	9,000
		Sub-total			9,000	0	9,000	0	0	0	0	9,000
18-01	Replacement	Additional Work to Abandon Unused WS	WS	Res	5,000	0		5,000				5,000
16-01	New	Register SRW on School Property		Cap		5,000	0	0	0	0	0	0
16-02	New	Negotiate Access Road SRW		Cap		1,000	0	0	0	0	0	0
16-03	Replacement	Strategic Asset Management Plan		Grant		8,100	0	0	0	0	0	0
			L		14,100	14,100	0	0	0	0	0	0
				Cap		0	0	0	0	0	0	0
				Res		0	0	0	0	0	0	0
			B		0	0	0	0	0	0	0	0
		Sub-total			14,100	14,100	0	0	0	0	0	0
Total						28,100	14,100	9,000	5,000	-	-	14,000

Funding Source Codes	
Debt	= Debenture Debt (new debt only)
ERF	= Equipment Replacement Fund
Grant	= Grants (Federal, Provincial)
Cap	= Capital Funds on Hand
Other	= Donations / Third Party Funding
Res	= Reserve Fund
STLoan	= Short Term Loans

Asset Class	
L	- Land
S	- Engineering Structure
B	- Buildings
V	- Vehicles
E	- Equipment

Capital Expenditure Type	
New	Expenditure for new asset only
Renewal	Expenditure replaces an existing asset and extends the service ability or enhances technology in delivering that service
Replacement	Expenditure replaces an existing asset

Service: 2.622 Cedars of Tuam Water (SSI)

Committee: Electoral Area Services

16-01	Register SRW on School Property (Carry Forward) A statutory right of way is required to provide legal and perpetual access to the well on the school districts. SRW to allow for developing and maintaining the well and any piping, buildings, access roads. The SRW may be completed prior to end of 2016 but unsure at this time	\$5,000
16-02	Negotiate Access Road SRW (Carry Forward) The legal access to the reservoir and existing well is difficult. It is proposed to negotiate an access SRW with the property owner along a different route for the purpose of maintenance.	\$1,000
16-03	Strategic Asset Management Plan (Carry Forward) A plan identifying level of service, maintenance requirements and capital improvements is to be developed once the well on the school site is secured.	\$8,100
17-01	Replace Failed Isolation Valves (2017) Two water main line isolation valves and 2 stand pipe isolation valves have failed, making isolation of leaks and subsequent repairs very difficult. Further, it jeopardize the ability to quickly and efficiently repair problems while reducing the risk of actually running out of water.	\$9,000
18-01	Additional Work to Abandon Unused Wells (2018) The recently enacted Water Sustainability Act requires all community water wells be registered and any well that is no longer in service must be properly abandoned. The unused well on the Cedars of Tuam may require work for proper abandonment. This line item is primarily a notice until further assessment is completed.	\$5,000

Cedars of Tuam Reserves
 Summary Schedule
 2017 - 2021 Financial Plan

Reserve/Fund Summary

	2016 Estimate	Budget				
		2017	2018	2019	2020	2021
Maintenance Reserve	4,080	5,090	6,120	7,170	8,240	9,330
Capital Reserve Fund	25,166	16,166	11,414	13,074	14,774	16,524
Total	29,246	21,256	17,534	20,244	23,014	25,854

Reserve Schedule

Reserve Fund: 2.622 Cedars of Tuam Water (SSI) Capital Reserve Fund (Bylaw No.: 3948)

Reserve Cash Flow

	Estimate 2016	Budget				
		2017	2018	2019	2020	2021
Fund: 1057 Fund Center: 101843						
Beginning Balance	26,916	25,166	16,166	11,414	13,074	14,774
Transfer to Cap Fund (Based on Capital Plan)	(2,000)	(9,000)	(5,000)	-	-	-
Transfer from Cap Fund	-	-	-	-	-	-
Transfer from Operating Budget	-	-	248	1,660	1,700	1,750
Interest Income*	250	-	-	-	-	-
Ending Balance \$	25,166	16,166	11,414	13,074	14,774	16,524

Assumptions/Background:

Transfer as much as operating budget will allow

* Interest should be included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.